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Economic Services Division

NSA Declassification/Release Instructions on File

Committee on China

(Minutes of the Twenty-Fifth Meeting -- 0930 hours, 17 March 1955)

25X1A9a Present: Messrs: [REDACTED]

25X1X7 Guests: Messrs: [REDACTED]; and

25X1A9a [REDACTED] SE/I

*Should not be
limited to
offshore
islands!*

The committee was alerted to the interest in indicators of possible Chinese action against the offshore islands. Each member is requested to prepare a list of types of information of indicator significance within his field of responsibility (or beyond!) by the next meeting (subsequently scheduled to coincide with the Branch Chief's meeting on Monday, March 21).

The Chairman is making efforts to acquire a program of Far Eastern Association meetings, scheduled to take place in Washington, 29-31 March. If any subjects on the program are of interest to the members, arrangements will be made for attendance.

Current News Items:

1. Current food shortages in China (as well as North Vietnam and North Korea) may have far-reaching effects. Concern over them is shown in several measures indicating a tightening of controls over distribution, purchasing, cooperative and party matters in the rural areas; and is the first hint (in a November speech by Shao Li-tzu, a non-Communist government official) that China's tremendous population is such a burden that birth control measures may be necessary. Official press releases have indicated that there are 50,000,000 food short-farmers as well as another 50,000,000 non-food producing farmers. The development of sub-marginal lands is also being pushed, but prospects in this area are not bright. The possible effect of this as a long-range problem are a cut-back of the industrialization program and the export program (this seems extremely doubtful in view of China's commitments and her present view of her long-term interests). The other possibility is that the so-called "rice-bowl" of Southeast Asia may be a more tempting target than Formosa. The current emphasis on indicators of action against the offshore islands or Formosa should not divert our attention from Southeast Asian indicators. From the point of view

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of capabilities and China's economic interests, the latter may be more logical targets.

2. The Vietminh have announced that they will complete in 1955 the Hanoi-Laokay Railroad as well as the North South Line to the truce line. The latter will have priority (is this possibly another indicator of military intentions?). This will be a major accomplishment, because of construction problems during the rainy season, soon to begin in this area.

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& NSA 25X3

4. The Soviet-North Korean trade protocol signed recently calls for a 25% increase in trade over 1954.

5. An article in the 12 February 1955 edition of New Times gives some absolute figures on 1954 production in China as follows: (figures in parentheses are Chou En-lai's predictions for the same items last September)

Electric power-- more than 11,000 million KWH (10,800 million)

Coal -- about 85 million metric tons (82 million)

Steel-- nearly 2.2 million " " (2.17 million)

Pig Iron-- more than 3 million metric tons (3.03 million)

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